



Report

on Forced Labor and
Child Labor in the
Supply Chains

Fiscal Year Ended **January 31, 2026**

Toronto Stock Exchange: **TSX / DRX**

Terrebonne, Quebec, Canada
April 15, 2026

1.	INTRODUCTION	1
2.	STEPS TAKEN TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR.....	1
3.	STRUCTURE AND ACTIVITIES.....	1
4.	SUPPLY CHAINS.....	2
5.	POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES.....	2
6.	ASSESS AND MANAGE OUR RISKS	3
7.	CORRECTIVE MEASURES	3
8.	TRAINING	3
9.	ASSESSING EFFECTIVENESS.....	4
10.	APPROVAL AND ATTESTATION.....	4

1. INTRODUCTION

This report is submitted by ADF Group Inc. (“ADF”, “ADF Group”, the “Corporation”, “our” or “we”) for the fiscal year ended January 31, 2026 (the “Reporting Period”). It outlines the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods by the Corporation in Canada and in the United States, or the import of goods into Canada by the Corporation. This report covers not only the parent company (ADF Group Inc.), but also its wholly owned subsidiaries located in the United States and Canada: ADF International Inc. (Florida), ADF Industrial Coating Inc. (Montana), ADF Structural Steel Inc. (California) and Groupe LAR Inc. (Canada).

All steps mentioned in this report apply to each of these entities, as more fully described in this report. This report is prepared by the Corporation in accordance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”).

2. STEPS TAKEN TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR

The respect of human rights wherever we operate is of the utmost importance to us, and we request the same from our business partners. This is a core corporate responsibility for us that we strive to integrate into our growth strategy, along with all of our other environmental, social and governance (“ESG”) commitments.

During the Reporting Period we continued to implement and assess measures aimed at preventing and reducing the risk of forced labour or child labour in our business and supply chains.

Our Sustainability Committee has continued to establish and develop our ESG measures, including governance for the ethical management of our supply chains. Our Supplier Code of Conduct, Environmental Policy, Code of Conduct and Human Rights Corporate Policy remained in place and continued to be implemented across the Corporation’s operations and, where appropriate, with business partners. We have continued assessing our direct and indirect suppliers to identify the main risks, on a preliminary basis.

Since the acquisition of Groupe LAR Inc. on September 18, 2025, the Corporation has started rolling out its policies and procedures across the new subsidiary. The integration is at an early stage and remains ongoing across procurement and risk management functions.

The steps taken are detailed in this report.

3. STRUCTURE AND ACTIVITIES

ADF is incorporated under the *Canada Business Corporations Act*. Our shares are listed on the Toronto Stock Exchange (TSX: DRX). Headquartered in Terrebonne, Quebec, Canada, ADF has become over the years a North American leader in connection design and engineering, and in the fabrication and installation of complex metal structures, heavy steel built up components, and miscellaneous and architectural metalwork. The Corporation’s products and services are mainly designed for the five following segments of the non-residential construction industry: office towers and high-rises, commercial and recreational complexes, airport facilities, industrial complexes, and transportation infrastructure.

Since 2025, through its Canadian subsidiary Groupe LAR inc., the Corporation has been engaged in machining, welding and industrial mechanics and offers design, fabrication and installation services for mechanically welded steel structures, mainly for the Canadian hydroelectric market, as well as custom overhead crane solutions for heavy industry.

The Corporation has a total of approximately 700 employees working in its head office, manufacturing plant and paint shop in Terrebonne, Quebec, Canada, at Groupe LAR’s offices and plant located in Métabetchouan-Lac-à-la-Croix, Quebec and in its office, manufacturing plant and paint shop in Great Falls, Montana, U.S.A., as well as in its various construction sites in the United States.

A pioneer in the development and application of innovative solutions, ADF Group is recognized for its engineering and project management expertise, its large fabrication capacity and its expertise in two niche markets: the fabrication of steel superstructures with a high level of architectural and geometric complexity, and projects with quick turnarounds. ADF Group’s commitment to deliver every project in accordance with the industry’s highest quality standards constitutes a core aspect of its mission.

ADF Group serves a diversified client base in the non-residential construction market in Canada and the United States, including general contractors, project owners, engineering firms and project architects, steelwork erectors, and other steel structure manufacturers.

4. SUPPLY CHAINS

Procurement plays an important role for the Corporation as our business is largely dependent on our steel purchases. Procurement is carried out in a specific way for each project. While most of the Corporation's steel supply comes from steel mills, we sometimes source from local steel distributors to meet our ad hoc needs.

We have a significant number of American, Canadian and European steel mills among our suppliers, and this diversity of suppliers gives us great flexibility in the choice of our suppliers, particularly allowing us to make choices based on our values and priorities. Our largest steel suppliers are international companies that are generally governed by stringent laws and standards in their respective jurisdictions.

The Corporation also sources complementary products and services such as industrial gas, welding and safety equipment, industrial and construction tools, bolt products and metal fasteners, metal surface treatment services and heavy construction equipment rental services. A significant portion of these purchases are made in Canada and the United States from reputable suppliers with whom we have long-standing relationships. However, some of our suppliers are occasionally located in other countries, including England and Mexico.

In light of the recent changes in customs tariffs and considering that the origin of raw materials used in our manufacturing projects may influence these tariffs, particularly regarding our transactions with American clients, the Corporation has concentrated its purchases in Canada and the United States, which reduces the potential impact of sourcing from other jurisdictions.

5. POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES

Business ethics are an intrinsic part of ADF's success as a company and we encourage the respect of human rights in all aspects of our business operations and activities.

As part of our ongoing improvement of our practices, we are continuously integrating ESG principles into our policies, processes and governance, including human rights considerations. In particular, our Audit Committee and our Compensation, Nominating and Corporate Governance (CNG) Committee of the Board of Directors are called upon to play a greater role in the oversight and monitoring of sustainability issues, including with respect to the implementation of measures and results achieved.

In addition, as part of the implementation of our due diligence process, members of our senior management and of our Board of Directors held discussions on the operational and financial impacts that the identification of a situation of forced labour or child labour in our supply chains could have on ADF Group.

Moreover, ADF will be publishing its third Sustainability Report, along with its public disclosure documents for the Reporting Period.

5.1. Code of Ethics (the "Code of Ethics")

Our Code of Ethics applies to all ADF members, namely the Board of Directors, management and employees at all levels, in all countries and in all legal entities of our Corporation. All of our officers, administrative employees and directors are required to sign our Code of Ethics when they take office, to confirm that they adhere to its principles.

The Code of Ethics addresses ethical conduct in our workplace, our business practices, and our relationships with external stakeholders. The principles outlined in the Code of Ethics reflect ADF's belief that honesty and integrity foster a positive work environment that builds trust among all stakeholders. The Code of Ethics sets out the standards of behaviour expected of all persons to whom it applies in their daily activities and their relations with others. It also sets out the key responsibilities of ADF's executives, who must set an example of high ethical conduct and create a work environment that reflects both the letter and the spirit of the Code of Ethics by stating that directors, officers and employees are all responsible for fostering a safe and equitable workplace.

It will be further amended to specifically include our Reporting and Protection Against Retaliation Policy, which will state that any employee or supplier with concerns about forced labour or child labour has a responsibility to report their suspicions. To this end, ADF already provides its employees with several channels to report potential violations, on a confidential or non-confidential basis.

The amended Code of Ethics will be made available on our website (www.adfgroup.com).

5.2. **Supplier Code of Conduct (the “Supplier Code”)**

Our Supplier Code includes explicit provisions prohibiting the use of forced labour and child labour. We are currently in the process of communicating with our suppliers to share our vision for ethical procurement management and include said vision in our procurement documents.

5.3. **Environmental Policy and ISO 14001 Standard**

The Corporation has an Environmental Policy and has adhered to the ISO 14001 standard, which, among other things, contributes to the United Nations Sustainable Development Goal of decent work and economic growth. The Corporation obtained ISO 14001 certification for its Terrebonne (Québec) site in December 2025.

5.4. **Human Rights Corporate Policy (“Human Rights Policy”)**

Our Human Rights Policy applies to all employees of ADF Group, and to our business partners. It reflects the Corporation’s expectation that forced labour and child labour are not used in connection with our operations or supply chain. The Human Rights Policy also outlines the Corporation’s commitment to conduct due diligence, require certification, and audit partners within its supply chain located in areas with a high risk of forced labour or child labour.

6. **ASSESS AND MANAGE OUR RISKS**

During the Reporting Period, we continued to conduct a general risk analysis of our suppliers through our internal control procedures, enabling us to identify potential reputational risks, including those related to forced labour and child labour. This work is ongoing and our assessment processes continue to evolve.

Potential risks may arise in connection with the extraction and transportation of raw materials or primary commodities used by our direct or indirect suppliers (Tier 1 and Tier 2) for the production of steel, including iron ore, coal and coke. Because these suppliers have their own supply chains, we do not have complete visibility. We are aware, however, that the minerals used for steel production and overseas sourcing and transportation may present heightened risk factors depending on geography and labour-market conditions.

Most of our procurement is concentrated in Canada and the United States and is conducted with established suppliers, which helps support our risk-management approach. However, certain upstream or indirect supply-chain relationships may present comparatively higher risk, and we continue to consider appropriate measures to maintain oversight where feasible.

Our ongoing in-house assessment aimed at identifying potential risks of forced labour or child labour in our operations and supply chains is intended to support the continued enhancement of our supplier due diligence process over time.

In addition, following the adoption of our Supplier Code, we have strengthened our approach to supplier due diligence, which supports our ability to identify and respond to potential issues, including through appropriate corrective measures where warranted.

7. **CORRECTIVE MEASURES**

Our Code of Ethics, including our Reporting and Protection Against Retaliation Policy, our Human Rights Policy as well as our Supplier Code, is intended to support ongoing vigilance and, as appropriate, action in response to reported ethical or legal concerns. In the event of a non-compliance situation, ADF may develop and implement a corrective plan to improve and correct the situation. We remain committed to addressing these issues, and we intend to mitigate any adverse impact they may have on the Corporation, its operations and affected parties.

To date, we have not taken any corrective measures to address the use of forced labour and child labour or the loss of income to vulnerable families, as no specific cases of such abuse have been identified.

8. **TRAINING**

ADF provides regular training to its employees on topics related to ethics and corporate policies, comprising our Code of Ethics. The Corporation also ensures that its procurement team complies with the Supplier Code by embedding its requirements into sourcing and vendor management processes.

9. ASSESSING EFFECTIVENESS

ADF regularly reviews its policies and procedures relating to forced labour and child labour. We continue our analysis to adopt specific measures to assess the effectiveness of all our actions to prevent and reduce the risk of forced labour or child labour in our operations and supply chains. ADF intends to evaluate its effectiveness in preventing and reducing these risks at a later stage.

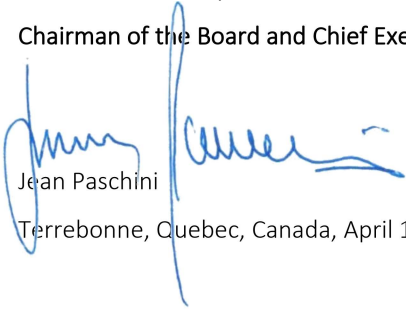
10. APPROVAL AND ATTESTATION

This report has been approved by ADF Group’s Board of Directors, pursuant to subparagraph 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report on behalf of the entities listed above. Based on my knowledge, and having exercised reasonable due diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the application of the Act, for the above-mentioned reporting year.

I have the authority to bind ADF Group Inc.

Chairman of the Board and Chief Executive Officer



Jean Paschini

Terrebonne, Quebec, Canada, April 15, 2026



The electronic version of this document is available at www.adfgroup.com and www.sedarplus.ca.

Ce document est également disponible en français.

**Report on
Forced and Child Labor
In the Supply Chains**

Fiscal Year Ended January 31, 2026

ADF GROUP INC.

300 Henry-Bessemer Street
Terrebonne, Quebec, Canada J6Y 1T3

T. (450) 965-1911 / 1 (800) 263-7560

infos@adfgroup.com

www.adfgroup.com

Toronto Stock Exchange **TSX / DRX**